

Economic Opportunities for a Regional Food System



Presented to the Seattle City Council
Committee on Regional Development & Sustainability

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research and collaboration from Ken Meter

Goal and Methodology



Goal:

To compile solid quantitative data that can be used as a baseline data to understand the workings of the local food economy; to involve the work of diverse stakeholders who will be involved in strengthening local food systems; and to assist local leaders in identifying strategic priorities for community economic development.

Methodology:

- *Developed framework for analysis of food system – refined through 2 stakeholder meetings*
- *Data compilation from primary sources and local reports*
- *National data compilation for comparison*

Presentation Overview



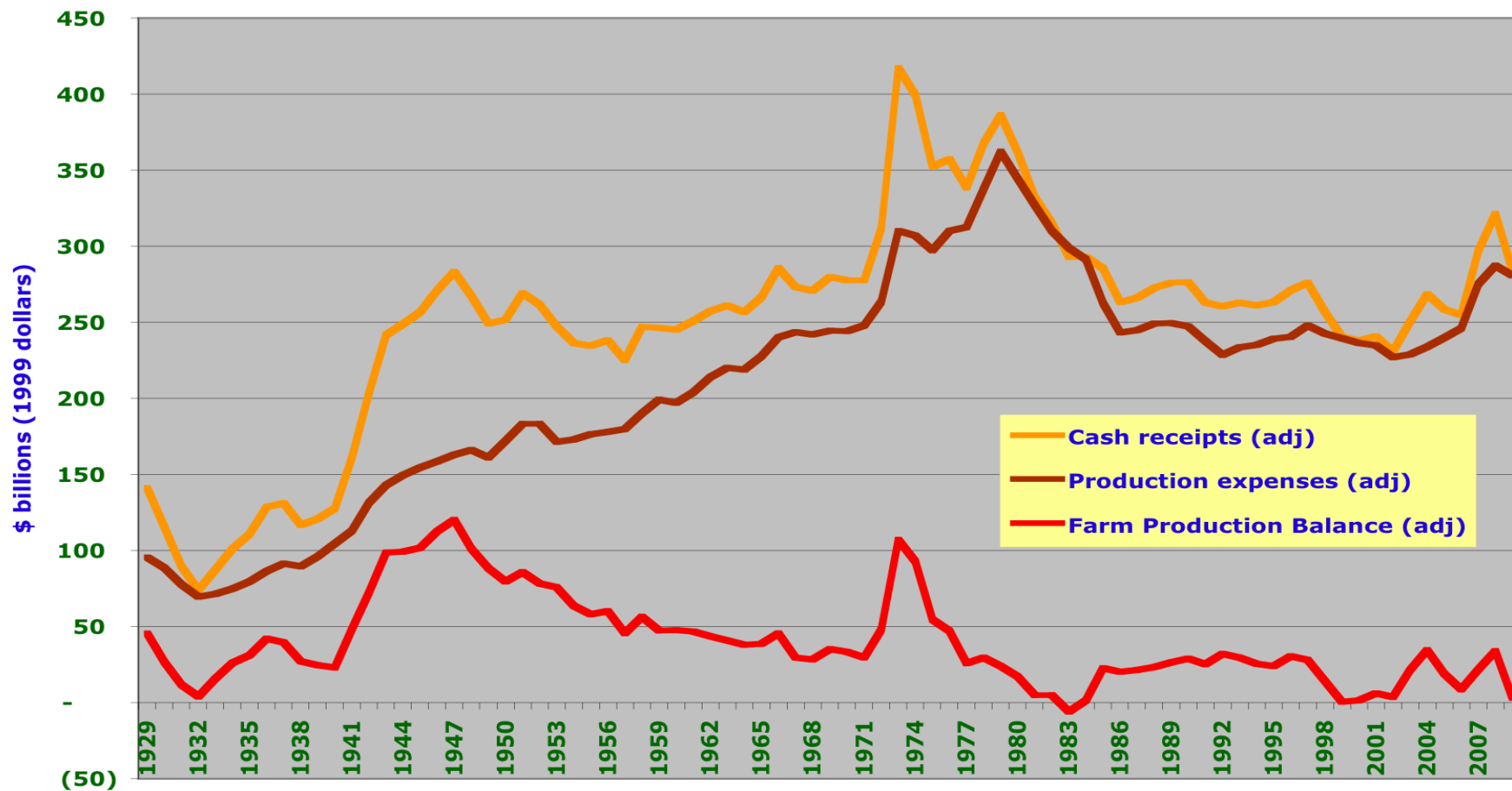
- Current State of National Food System
- Key Findings
- Economic Opportunities for Growing the Food System
- Next Steps

Food System in Crisis

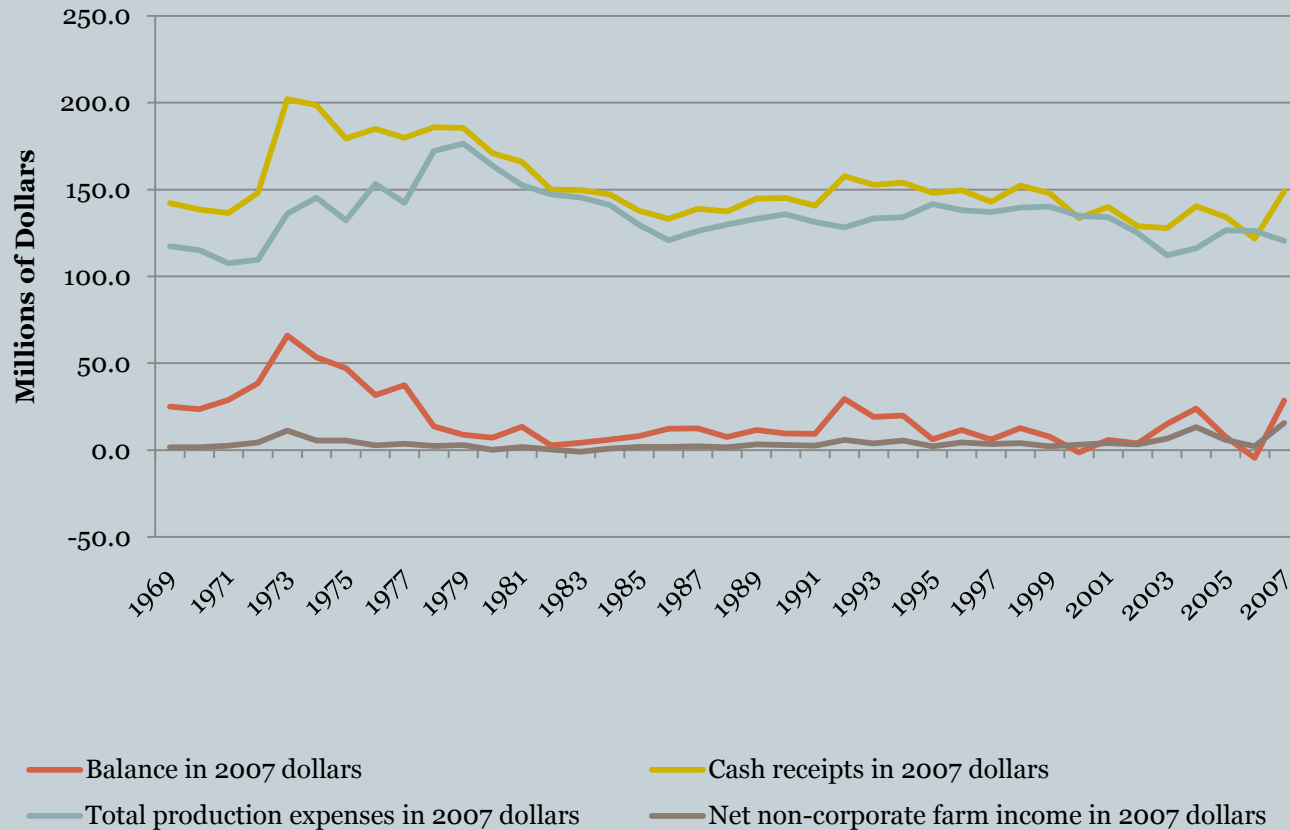


Farm Production Balance in U.S., 1929 - 2009

Source: USDA/ERS. Chart by Ken Meter, 2009



King County Farm Revenues-Expenditures Balance



Key Findings



1. The food economy is a key economic driver in the state.
2. In Seattle, the rising demand for local food points to a growing sector with great potential.
3. Food-related entrepreneurial activity is up, particularly around community-based distribution and processing.
4. Shifts in to healthier eating patterns would increase the demand for fresh fruits and vegetables.
5. Community food systems are building the foundation for regional food self-reliance.
6. There is insufficient land in food production.

1. Food is a Critical Industry in King County



THE FOOD INDUSTRY ENCOMPASSES:

5,400 FIRMS

1,790 FARMS IN KING COUNTY

118,000 JOBS

**\$3.1 BILLION OF ANNUAL
PAYROLL**

Source: 2008 Washington State Employment Security Dept.

2. King County's local food economy is rapidly growing indicating a strong demand for locally produced food.

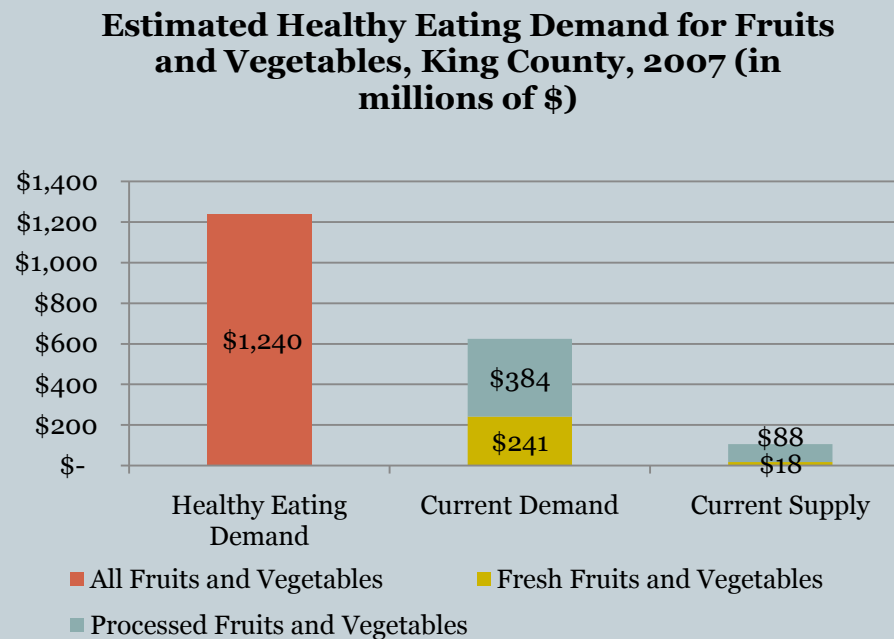
Consumption

- 3 out of 4 King County residents buys locally grown food at least once a month, demonstrating strong local demand and a rapidly growing market.
- King County farmers meet 12% of the county's vegetable demand of \$122 million annually.
- Waiting list for community gardens and recent Parks Levy demonstrate continued interest and support for locally grown food.

Production

- Direct Sales from King County Farms up 15% *per year* between 2002 – 2007.
- Sales of fruits and vegetables from King County farms increased 8-fold from \$2 million in 1992 to \$16 million in 2007.
- 99% of this is sold to the fresh market and an estimated 90% to local markets.

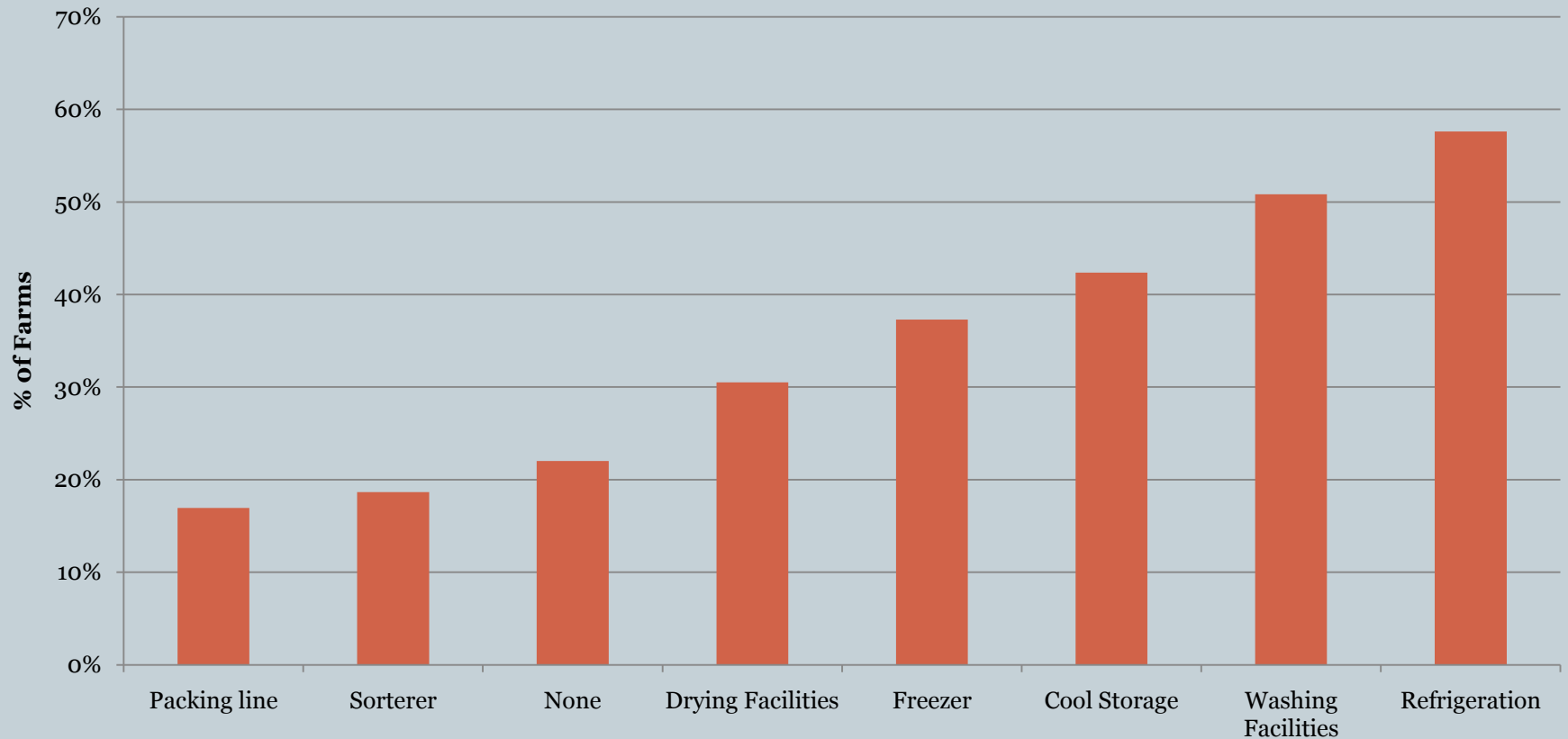
3. Shifts in consumption patterns to healthier eating would increase the demand for fresh fruits and vegetables.



But increased demand requires more infrastructure to distribute..



**Percentage of Small Farms
with Distribution Infrastructure, Washington State**



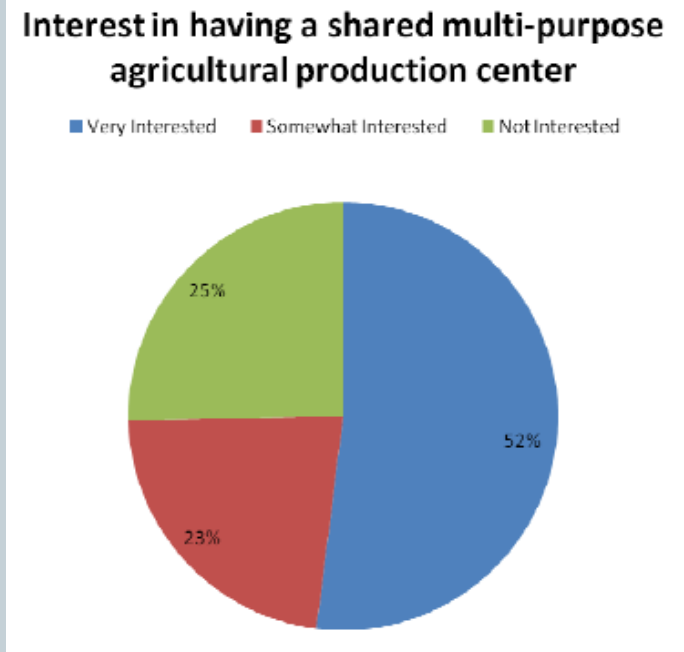
Secondary Source: Small Farm Distribution Practices in Washington State, 2010

4. Improved community-based distribution and processing could facilitate increased food-related entrepreneurial activity.

Distribution barriers

- Cold storage, packing and distribution facilities are sorely lacking.
- Producers without commercial-scale volume can't access or afford standard distribution
- A more collaborative model is needed to aggregate product and distribute more affordably and efficiently

Processing



Source: Puget Sound Food Report

5. Community food systems are building the foundation for regional food self-reliance.



| Category | Operational Strategy Focus: Resource Flows | Pattern of Local Network Linkages |
|-------------------------------------|---|--|
| Institutional Food Service | Volume; Meeting public mandates on nutrition and price. | Weakly linked – indirect linkages only. |
| Distributors | Volume; Low transaction costs. | Weakly linked – small number of weak linkages. |
| Manufacturers and Processors | Market growth; Product differentiation. | Range of weak to strong linkages. |
| Groceries and Home Delivery | Quality; Operational efficiency. | Many weak, mainly buy-sell linkages. |
| Farmers and Fisher Folk | Quality and Variety. | Strong linkages involving additional resource exchanges. |
| Restaurants and Food Service | Quality and Variety. | High multipliers; Many and strong linkages. |

Secondary Source: 2005 survey and interview data for Central Puget Sound local food economy businesses (Why Local Linkages Matter)

6. There is insufficient land in food production.



- Despite the strong consumer commitment to local produce, only 3000 of 42,000 acres of zoned farm land is used for market crops. In 2007, only 950 acres were actually harvested.
- 13,650 acres needed to meet current fresh vegetable demand using conventional farming practices.
- Equestrian farms account for another 5000 acres
- 2100 acres in unmanaged grasslands
- Sustainable agricultural practices can meet vegetable demand with just half to two-thirds of the land base required for conventional practices.

Economic Opportunities for Growing the Food System



1. DEVELOP INFRASTRUCTURE AND DISTRIBUTION NETWORK PLAN

- Affordable, scale-appropriate distribution channels will improve efficiency.
- Commercial kitchens could stimulate urban entrepreneurship.
- Additional infrastructure will promote season-extending technologies and business opportunities.
- Alternative distribution models, such as cooperative efforts, could move small farm product to market.

Benefit: Accelerated business creation, increased local sourcing from institutions and restaurants.

Recommendation:

1. *Convene stakeholders to develop long-range plans for creation of distribution infrastructure, including collaborative efforts to aggregate product for distribution.*
2. *Provide network development training for increasing linkages between producers and consumers.*

2. INCREASE FOOD SYSTEM RESILIENCE BY GROWING URBAN FOOD BUSINESSES



- Interest and activities around urban food production have increased but regulatory framework hasn't kept pace.
- Urban agricultural production for commercial sale can offer new business opportunities as well as increase access to fresh food within the city.
- Some urban farmers from diverse communities of origin bring agrarian expertise that provides a valuable resource.

Benefits: Increased distribution channels for local product, better business opportunities for small business, improved business practices, increased tax revenue, enhanced food security.

Recommendations:

- 1. Support entrepreneurs interested in intensive urban agriculture.*
- 2. Support and promote food processing entrepreneurs, especially in immigrant communities searching for culturally appropriate food products.*
- 3. Encourage agriculture supplies manufacturing (compost, hoop houses, etc).*
- 4. Develop workforce training and small business development training for this sector.*

3. IMPROVE CONVENIENCE/ACCESS TO PRODUCE AND IMPROVE AFFORDABILITY OF FRESH FOOD



- Greater access to locally produced food offers an economic alternative to cheap food, the high health costs of which are borne disproportionately by low-income households.
- Major barrier to fresh food access is convenience as well as price.
- New market channels can offer new opportunities for entrepreneurs

Benefits: Improved access to fresh food, improved public health, more jobs

Recommendations:

Allow a variety of market options as new channels develop, eg mobile vendors, mobile produce stands, mini farmers markets in small, underserved neighborhoods.

4. INCREASE CROSS-JURISDICTIONAL COLLABORATION



- Improved public understanding of land use issues could lead to increased land for food production.
- Alternatives to valuation of farmland may be explored.
- Broader support for building a strong regional food system could facilitate business development.

Benefit: Ensures strong urban and rural business growth, could stimulate beneficial economies of scale to the producers as well as downstream activities such as shared marketing, warehousing, transportation, coordination, etc., ensures food security for the region,

Recommendation:

- 1. Become active participants in the Regional Food Policy Council to increase cross-jurisdictional collaboration on food system development.*
- 2. Develop a city economic development strategy and workplan focused on building the food system.*
- 3. Work collaboratively with the county to identify strategies for beginning and sustaining this effort.*

Next Steps



1. Further Research Needed in Some Areas
 - Number of food-related jobs as part of local value chain
 - Level of entrepreneurial activity in the local food economy
 - What is the relative size of local food economy market channels by dollar volume sold and value in sales per farm?
2. Review Food Action Plan when complete for opportunities to encourage and support urban agriculture and other food-related businesses
3. Incorporate healthy food system outcomes into neighborhood plan updates

Thank You.



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